



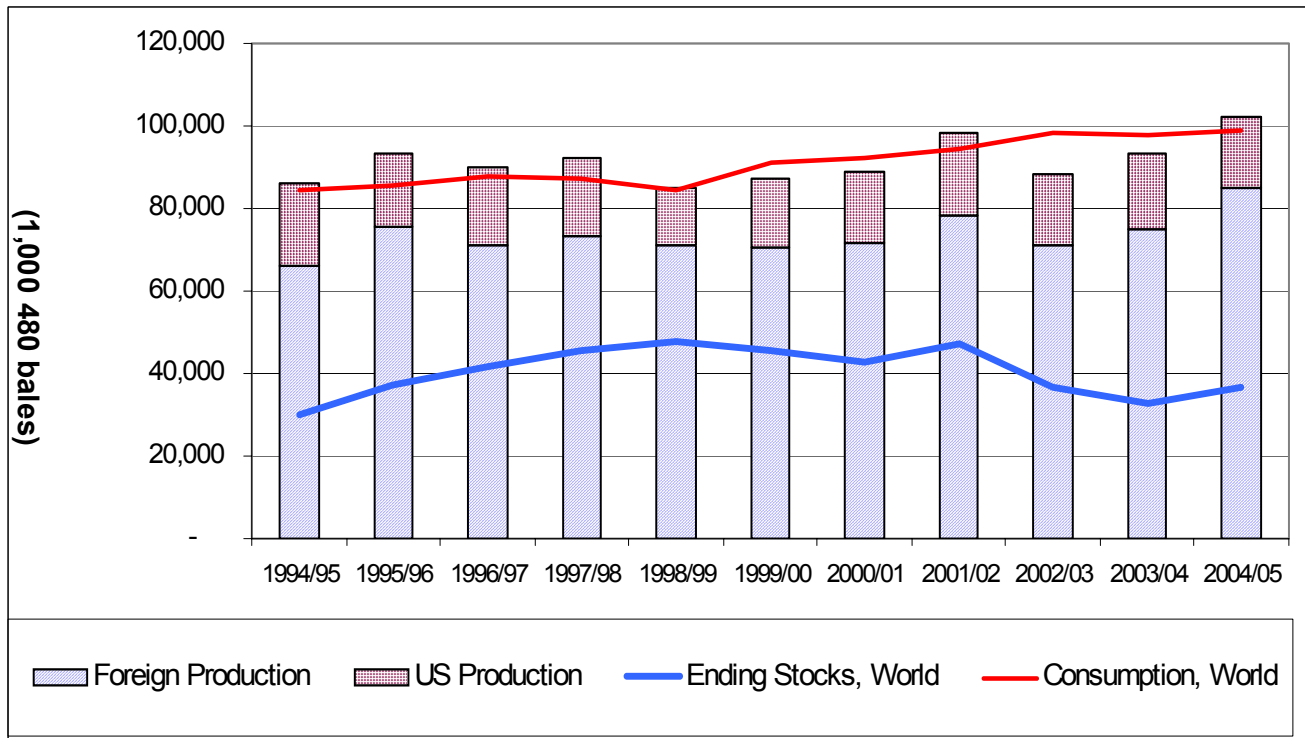
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Cotton: World Markets and Trade

2004/05 World Production Outpaces Demand



World production in 2004/05 is forecast at record 102.5 million bales, up 9.6 percent. Area is projected to respond to higher prices seen this year and in some major producing countries production is expected to recover from weather effects experienced last season. World consumption is forecast up 1.2 percent at a record 99.0 million bales as improving global economic conditions are expected to boost demand. World production is expected to exceed consumption for only the second time in the last six years. World ending stocks are forecast to increase 3.8 million bales to 36.5 million bales, with a stock to use ratio of 36.8 percent, up 3.4 percentage points from the current year, but still lower than any other year since 1994/95. World trade is expected to decrease by nearly 8 percent, with imports at 30.8 and exports at 30.5 million bales. The United States is forecast to capture 37.7 percent of world exports down from the record 41.8-percent share expected this year.

U.S. production for the 2004 crop is forecast at 17.6 million bales down 3.6 percent from the previous crop and in line with the average for the prior 10-year period. The production forecast is based on NASS reported planting intentions and historical abandonment rates and yields. Consumption for 2004/05 in the U.S. is forecast to decline by 7.9 percent to 5.8 million bales, as continued downward pressure is put on the U.S. spinning industry as the remaining textile and apparel quotas are phased out. U.S. exports are forecast at 11.5 million bales, down from the record 13.8 million in 2003/04. While higher production in net exporting countries will increase competition, production increases in net importing countries will lower import demand. U.S. ending stocks are forecast at 3.9 million bales, up 300,000 bales. The U.S. stock-to-use ratio is expected to increase from 17.9 to 22.5 percent.